

RULES AND REGULATIONS OF THE
SECTION 8 HOUSING ASSISTANCE PROGRAMS
CITY AND COUNTY OF HONOLULU

Chapter 3

RULES OF PRACTICE AND PROCEDURES OF THE SECTION 8 HOMEOWNERSHIP
OPTION PROGRAM

§3-1	GENERAL APPLICABILITY. . . . .	.1
§3-2	PURPOSE AND OBJECTIVE. . . . .	.1
§3-3	DEFINITIONS. . . . .	.1
§3-4	GENERAL HOMEOWNERSHIP OPTION . . . . .	.5
§3-5	ELIGIBILITY. . . . .	.6
§3-6	FIRST-TIME HOMEOWNER REQUIREMENTS. . . . .	.7
§3-7	MINIMUM INCOME REQUIREMENTS. . . . .	.7
§3-8	EMPLOYMENT REQUIREMENTS. . . . .	.7
§3-9	DWELLING UNIT REQUIREMENTS . . . . .	.8
§3-10	NOTIFICATION OF ELIGIBILITY. . . . .	.9
§3-11	PREFERENCES. . . . .	.9
§3-12	WAITING LIST	10
§3-13	REMOVAL FROM THE WAITING LIST	10
§3-14	CLOSING AND REOPENING THE WAITING LIST	11
§3-15	SELECTION AND CERTIFICATION	11
§3-16	CONTRACT AND REQUIREMENTS OF SALE	12
§3-17	DWELLING UNIT INS[T]PECTION	13
§3-18	LENDER AND FINANCING REQUIREMENTS	13
§3-19	DOWNPAYMENT ASSISTANCE GRANT	14
§3-20	MONTHLY HOMEOWNERSHIP ASSISTANCE PAYMENTS	15
§3-21	CONTINUED ASSISTANCE/FAMILY OBLIGATIONS	16
§3-22	REEXAMINATIONS	17
§3-23	INTERIM MONTHLY HOMEOWNERSHIP ASSISTANCE PAYMENTS ADJUSTMENT	17
§3-24	MOVE WITH CONTINUED TENANT-BASED ASSISTANCE	18
§3-25	MAXIMUM TERM OF MONTHLY HOMEOWNERSHIP ASSISTANCE PAYMENTS	18
§3-26	PORTABILITY	19
§3-27	RECAPTURE OF HOMEOWNERSHIP ASSISTANCE	19
§3-28	DENIAL OR TEMINATION OF ASSISTANCE FOR FAMILY	19
§3-29	INFORMAL SETTLEMENT OF DISPUTES	20
	(a) Procedure for Informal Settlement	20
	(b) Provision of Criminal Record	20
§3-30	HEARING IN A DISPUTE	20
	(a) Request for a Hearing	20
	(b) Form and Content of Written Request	20
	(c) Person Conducting Hearing	21
	(d) Notice and Conduct of Hearing/Judicial Review	21
§3-31	SEVERABILITY	21

§ 3-3 DEFINITIONS:

(a) Agency: The Department of Community Services, City and County of Honolulu.

(b) Applicant: An individual or Family that has submitted an application for admission to the Program but is not yet a Participant in the Program.

(c) CFR - United States Code of Federal Regulations: The federal publication, which contains the rules and regulations, governing, among other things, the HUD and Section 8 Homeownership Program.

(d) Cooperative or Housing Cooperative: Housing owned by a corporation or association, and where a member of the corporation or association has the right to reside in a particular unit, and to participate in management of the housing.

(e) Cooperative Member: A Family of which one or more members own membership shares in a cooperative.

(f) Disabled Family: A Family whose head, spouse of the head, or sole member is a person with disabilities, as defined in 24 CFR 5.403. It may include two or more persons with disabilities living together; or one or more persons with disabilities living with one or more Live-in Aides.

(g) Displaced Family: A Family in which each member, or whose sole member, is a person displaced by governmental action, or a person or Family whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formerly recognized pursuant to Federal disaster relief laws.

(h) Downpayment Assistance Grant: A form of Homeownership Assistance in the Homeownership Option in the form of a single downpayment assistance grant for the Family. If a family receives a downpayment assistance grant, the Agency may not make Monthly Homeownership Assistance Payments for the Family. A downpayment assistance grant is applied to the downpayment for the purchase of the home or reasonable and customary closing costs requires in connection with the purchase of the home.

(i) Economic Self-sufficiency Program: Any program designed to encourage, assist, train, or facilitate the economic independence of HUD-assisted families or to provide work for such families.

(j) Elderly Family: A Family whose head, spouse of the head, or sole member is a person who is at least sixty-two (62) years of age. It may include two or more persons who are at least sixty-two (62) years of age living together; or one or more persons who are at least sixty-two (62) years of age living with one or more Live-in Aides.

(k) Family: A person or group of persons, as determined by the Agency, and which is comprised of:

- (1) Two or more persons who live or intend to live together as a unit and whose income and resources are available to meet the Family's needs and who are related by blood, marriage, or operation of law or have evidenced a stable family relationship of at

least two (2) consecutive years and whose head of family has reached the age of majority;

- (2) An Elderly Family;
- (3) A Disabled Family;
- (4) A Displaced Family;
- (5) A remaining member of a Tenant Family who is recorded as an authorized occupant on the current list of household members and has reached the age of majority. This does not include a Live-in Aide, or a foster child or foster adult; or
- (6) A single person who is not an Elderly or Displaced person, or a person with disabilities, or the remaining member of a Tenant Family.

(1) Family Self Sufficiency Program (FSS): A program established by the Agency in accordance with 24 CFR Part 984 to promote self-sufficiency of assisted families, including the coordination of supportive services.

(m) First-Time Homeowner: A Family of which no member owned any Present Ownership Interest in a residence of any family member during the three (3) years before commencement of Homeownership Assistance for the Family. The term "first-time homeowner" includes a single parent or displaced homemaker who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse.

(n) Home: Means a dwelling unit for which the Agency pays Homeownership Assistance under the Homeownership Option Program set forth in this Chapter 3.

(o) Homeowner: A Family of which one or more members owns title to the home.

(p) Homeownership Assistance: Assistance for a Family under the Homeownership Option. There are two alternative and mutually exclusive forms of Homeownership Assistance by an Agency for a Family: Monthly Homeownership Assistance Payments, or a single Downpayment Assistance Grant. Either form of Homeownership Assistance may be paid to the Family, or to a mortgage lender on behalf of the Family as determined by the Agency.

(q) Homeownership Expenses: A Family's allowable monthly expenses for the home, as determined by the Agency.

(r) Homeownership Option: Assistance for a Homeowner or Cooperative Member under 24 CFR 982.625 to 982.643. A special housing type.

(s) Housing Quality Standards (HQS): The HUD minimum quality standards for housing assisted under the Section 8 Tenant Based Rental Assistance Program set forth in 24 CFR 982.401 to 982.406.

(t) HUD: United States Department of Housing and Urban Development or its designee.

(u) Interest in the Home: Means:

- (1) In the case of assistance for a Homeowner, "interest in the home" includes title to the home, any lease or

other right to occupy the home, or any other present interest in the home.

- (2) In the case of assistance for a cooperative member, "interest in the home" includes ownership of membership shares in the cooperative, any lease or other right to occupy the home, or other present interest in the home.

(v) Independent Inspector: A professional home inspector who is independent of the seller and the Agency.

(w) Live-in Aide: A person who resides with one or more elderly persons, or persons with disabilities, and who, a) is determined to be essential to the care and well-being of the persons, b) is not obligated to provide for the support of the persons, and c) would not be living in the unit except to provide the necessary supportive services.

(x) Membership Shares: Shares in a cooperative. By owning such cooperative shares, the share-owner has the right to reside in a particular unit in the cooperative, and the right to participate in management of the housing.

(y) Monthly Homeownership Assistance Payments: Monthly homeownership assistance payments by the Agency to the Family or to a mortgage lender on behalf of the Family, as determined by the Agency.

(z) Participant (Participant Family): A Family that has been admitted to the Program and is receiving Homeownership Assistance in the Program.

(aa) Payment Standard: The maximum monthly assistance payment for a family assisted in the Section 8 Housing Choice Voucher Program before deducting the Total Tenant Payment by the family.

(bb) Portability: Receiving Section 8 Tenant Based Rental Assistance Program outside of the jurisdiction of the initial Public Housing Agency.

(cc) Present Ownership Interest: Title, in whole or in part, to a residence, or ownership, in whole or in part, of membership shares in a cooperative. "Present ownership interest" in a residence does not include the right to purchase title to the residence under a lease-purchase agreement.

(dd) Program or Homeownership Program: The Section 8 Homeownership Option Program.

(ee) Public Housing Agency (PHA): Any State, County, municipality or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage or assist in the development or operation of housing for low-income families.

(ff) Section 8 Tenant Based [Rental Assistance]Voucher Program (Section 8 Program): [\[The\]A Section 8 Housing Choice Voucher Program\[.\], also known as Voucher Program.](#)

(gg) Tenant: An individual or a Family renting or occupying an assisted unit.

(hh) Total Tenant Payment: The higher of thirty percent (30%) of the Family's Monthly Adjusted Income or ten percent

(10%) of the Family's income, rounded to the nearest dollar.
[Eff 10/20/03; am _____] (Auth: HRS §91-
5)(Auth: 1-9.1ROH)

3-5 ELIGIBILITY.

(a) The Family seeking to participate in the Program shall complete an application form provided by the Agency. The applicant is permitted to file an application by mailing to or by submitting in person to any of the Agency's Section 8 offices.

(b) The initial application review shall not require an interview. Only Applicants who are eligible in the initial review shall be placed on the waiting list. A final eligibility review may be conducted when the Applicant reaches the top of the waiting list.

(c) An Applicant who has misrepresented material information may not be eligible to participate in the Program.

(d) To be eligible for admission into the Program, an Applicant shall meet all of the following qualification requirements:

- (1) Has been admitted to the Agency's Section 8 Housing Choice Voucher Program in accordance with Chapter 1;
- (2) Is in compliance with the terms of the lease and the rules under the Section 8 Housing Choice Voucher Program;
- (3) Has not previously defaulted on a mortgage securing debt to purchase a home under the Program;
- (4) Except for Cooperative Members who have acquired cooperative membership shares prior to commencement of Homeownership Assistance, each Family member has no present ownership interest in a residence at the commencement of Homeownership Assistance for the purchase of a home;
- (5) Satisfies the First-Time Homeowner, Minimum Income, and Employment Requirements and any other initial requirements as determined by the Agency and set forth in 24 CFR 982.627; and
- (6) Satisfies the Agency's minimum down payment requirement of 3% of the purchase price, and that 1% to 3%, as established by the Agency, of the purchase price shall come from the Family's own personal resources.

(7)_ For Monthly Homeownership Assistance Payment, the Family shall utilize all of its own assets in excess of fifteen thousand dollars (\$15,000) or, in the case of an Elderly Family, twenty thousand dollars (\$20,000) towards downpayment and closing costs.

[(7)](8) The Applicant shall also satisfactorily complete a pre-assistance homeownership counseling program

approved by the Agency. [Eff 10/20/03; am
_____] (Auth: HRS §91-5)(Auth: 1-
9.1ROH)

§ 3-11 PREFERENCES.

(a) Eligible Applicants shall be given preference for certification in the Program in the order of the date of their application if, at the time housing assistance is being sought, they fall within the following preference categories:

- (1) Completed or enrolled in and are in full compliance with the Agency's Family Self Sufficiency Program, or enrolled and in full compliance with another self-sufficiency program approved by the Agency, and has available funds in escrow or other savings equal to at least \$5,000; or
- (2) Has annual income equal to or more than the Agency's very low income limit as established by HUD[.]; or
- (3) Has been offered to purchase their current assisted rental unit by the Owner, who is not a relative (parent, child, grandparent, grandchild, sister or brother of any member of the family), at below market value.

(b) Preference categories are of equal weight, and an Applicant who qualifies for any of the preferences shall receive assistance before any other Applicant who does not qualify regardless of:

- (1) Place on the waiting list; or
 - (2) Date or time of submission of an application. [Eff 10/20/03; am _____] (Auth: HRS §91-5)(Auth: 1-9.1ROH)
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§ 3-18 LENDER AND FINANCING REQUIREMENTS.

(a) The Family may obtain financing to purchase the dwelling unit from any lender but qualification of the lender must meet Agency's requirements including case by case approval of seller financing.

(b) For Monthly Homeownership Assistance Payments, the Family shall utilize all of its own assets in excess of fifteen thousand dollars (\$15,000) or, in the case of an Elderly Family, twenty thousand dollars (\$20,000), toward down payment and closing cost.

[(b)](c) The Agency shall review lender qualifications and the lender shall obtain from the Agency approval of the terms of the mortgage loan. The Agency may disapprove proposed financing, refinancing or other debt if the Agency determines that the debt

is unaffordable, or if the loan terms do not meet the Agency's qualifications. In making such determination, the Agency may take into account other Family expenses including child care, unreimbursed medical expenses, Homeownership Expenses, and other Family expenses as determined by the Agency.

[(c)](d) The Agency may disapprove certain loan types including adjustable rate mortgage loans and balloon payment mortgage loans.

[(d)](e) Lenders shall notify the Agency when a Participant becomes delinquent by more than thirty (30) days. [Eff 10/20/03; am _____] (Auth: HRS §91-5)(Auth: 1-9.1ROH)

§ 3-26 PORTABILITY.

(a) The Agency may require Applicants who were non-residents in the Agency's jurisdiction at the time of application to live in its jurisdiction during the first twelve-month period.

(b) The Agency shall not absorb a Family under Portability assistance into its own Section 8 Homeownership [p]Program [unless funds are available.]and shall not provide Homeownership Assistance to a homebuyer Applicant in another jurisdiction. [Eff 10/20/03; am _____] (Auth: HRS §91-5)(Auth: 1-9.1ROH)